

Message Text

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ACTION EUR-12

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USOECD

E.O. 11652: N/A

TAGS: EFIN, SP

SUBJECT: SPANISH JOURNALIST SAYS SECRETARY BLUMENTHAL AND THE OECD
RECOMMEND PESETA DEVALUATION

1. IN A JUNE 28 FRONT PAGE ARTICLE, MADRID AFTERNOON DAILY
"INFORMACIONES" REPORTED THAT OECD MINISTERS INCLUDING SECRETARY
BLUMENTHAL RECOMMENDED DEVALUATION OF THE SPANISH, PORTUGUESE AND
TURKISH CURRENCIES. ACCORDING TO THE STROY, A SPANISH PESETA
DEVALUATION WAS THE TOPIC MOST DISCUSSED "BEHIND THE SCENES"
AT THE RECENT OECD MINISTERIAL, AND THE ISSUE WAS WHETHER A
15-25 PERCENT PESETA DEVALUATION SHOULD TAKE PLACE IMMEDIATELY OR
WHETHER DEVALUATION SHOULD AWAIT A PACKAGE OF ECONOMIC

MEASURES.

2. FELIPE SAHAGUN, THE U.S.-BASED CORRESPONDENT AUTHORIZING
THE ARTICLE, WRITES THAT SECRETARY BLUMENTHAL REPRESENTED
MAJORITY OPINION IN THE MINISTERIAL WHEN HE SAID THAT
SPAIN, PORTUGAL AND TURKEY SHOULD DEVALUE THEIR CURRENCIES
AND UNDERTAKE "BELT-TIGHTENING" MEASURES. THE ARTICLE IS
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STRAIGHTFORWARD AND DOES NOT ASSIGN ANY MOTIVES TO
THE REPORTED U.S. POSITION. OTHER MADRID NEWSPAPERS
HAVE NOT PICKED UP THIS STORY.

3. COMMENT: THE STAND ATTRIBUTED TO SECRETARY
BLUMENTHAL AND OTHER UNNAMED OECD MINISTERS WOULD
NOT SURPRISE SPANIARDS. THERE IS A CONSENSUS HERE

THAT SPAIN NEEDS A PESETA DEVALUATION AND BELT-
TIGHTENING, AND THAT THE ISSUE IN BOTH CASES IS
INDEED WHEN AND HOW MUCH.STABLER

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